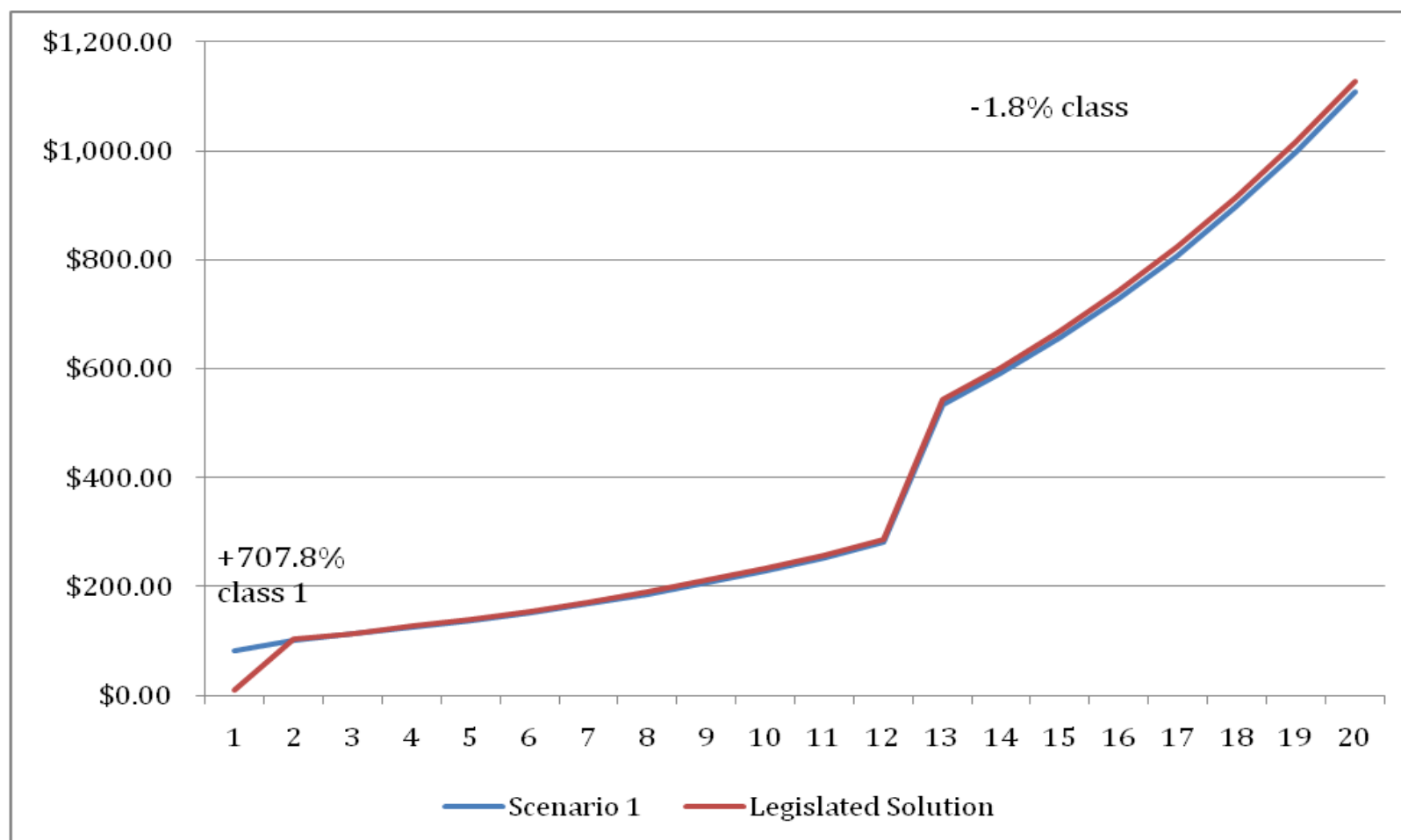


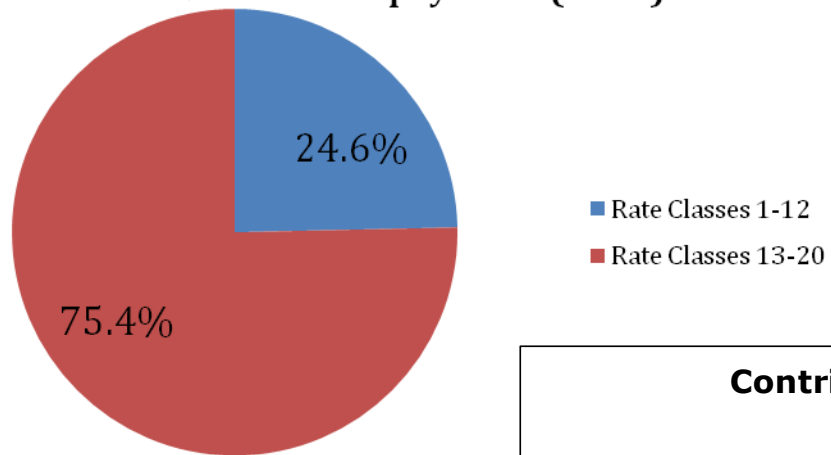
Scenario 1: What if all employers in class 1 paid closer to what they paid in 2010? I.e., what if rate for class 1 was 80% of rate for class 2?

	Tax Rate	Taxes Paid	Interest Surcharge	Interest Paid	Total Eff Rate	Cost per Worker \$10,000	Legislated Solution	Change in Cost
1	0.729844%	\$12,583,185.36	0.0431%	\$743,247.23	0.8330%	\$83.30	\$10.30	\$73.00
2	0.912306%	\$7,450,570.28	0.0479%	\$391,182.75	1.0202%	\$102.02	\$103.80	(\$1.78)
3	1.013673%	\$8,278,411.42	0.0532%	\$434,647.50	1.1269%	\$112.69	\$114.30	(\$1.61)
4	1.126303%	\$9,198,234.91	0.0591%	\$482,941.67	1.2454%	\$124.54	\$126.90	(\$2.36)
5	1.251448%	\$10,220,261.01	0.0657%	\$536,601.85	1.3772%	\$137.72	\$140.60	(\$2.88)
6	1.390498%	\$11,355,845.57	0.0730%	\$596,224.28	1.5235%	\$152.35	\$155.30	(\$2.95)
7	1.544997%	\$12,617,606.19	0.0811%	\$662,471.43	1.6861%	\$168.61	\$172.10	(\$3.49)
8	1.716664%	\$14,019,562.43	0.0901%	\$736,079.36	1.8668%	\$186.68	\$190.00	(\$3.32)
9	1.907404%	\$15,577,291.59	0.1001%	\$817,865.96	2.0676%	\$206.76	\$211.00	(\$4.24)
10	2.119338%	\$17,308,101.77	0.1113%	\$908,739.95	2.2906%	\$229.06	\$233.10	(\$4.04)
11	2.354820%	\$19,231,224.18	0.1236%	\$1,009,711.06	2.5385%	\$253.85	\$258.30	(\$4.45)
12	2.616467%	\$21,368,026.87	0.1374%	\$1,121,901.18	2.8138%	\$281.38	\$286.70	(\$5.32)
13	5.005792%	\$40,881,044.05	0.2628%	\$2,146,407.42	5.3286%	\$532.86	\$543.30	(\$10.44)
14	5.561991%	\$45,423,382.27	0.2920%	\$2,384,897.13	5.9140%	\$591.40	\$602.20	(\$10.80)
15	6.179990%	\$50,470,424.75	0.3245%	\$2,649,885.70	6.5645%	\$656.45	\$668.40	(\$11.95)
16	6.866655%	\$56,078,249.72	0.3605%	\$2,944,317.44	7.2872%	\$728.72	\$742.00	(\$13.28)
17	7.629617%	\$62,309,166.36	0.4006%	\$3,271,463.83	8.0902%	\$809.02	\$824.00	(\$14.98)
18	8.477352%	\$69,232,407.06	0.4451%	\$3,634,959.81	8.9824%	\$898.24	\$915.50	(\$17.26)
19	9.419280%	\$76,924,896.74	0.4945%	\$4,038,844.23	9.9738%	\$997.38	\$1,016.40	(\$19.02)
20	10.465867%	\$85,472,107.48	0.5495%	\$4,487,604.70	11.0754%	\$1,107.54	\$1,127.90	(\$20.36)

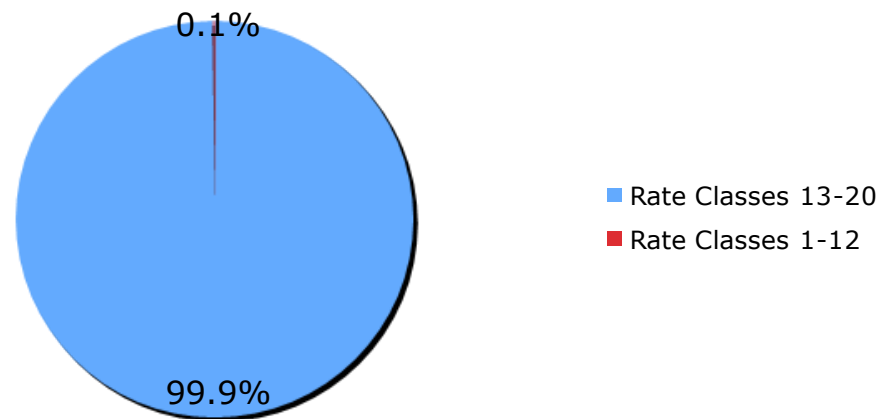
- Lowers cost for rate 20 by \$20 per worker while raising cost to class 1 by \$73 per worker. Shifts additional \$12.6 million in cost to rate class 1. Lowers cost to all other classes by approximately 1.8% while increasing cost to class 1 by 707.8%.



Contribution to Repayment (2011)



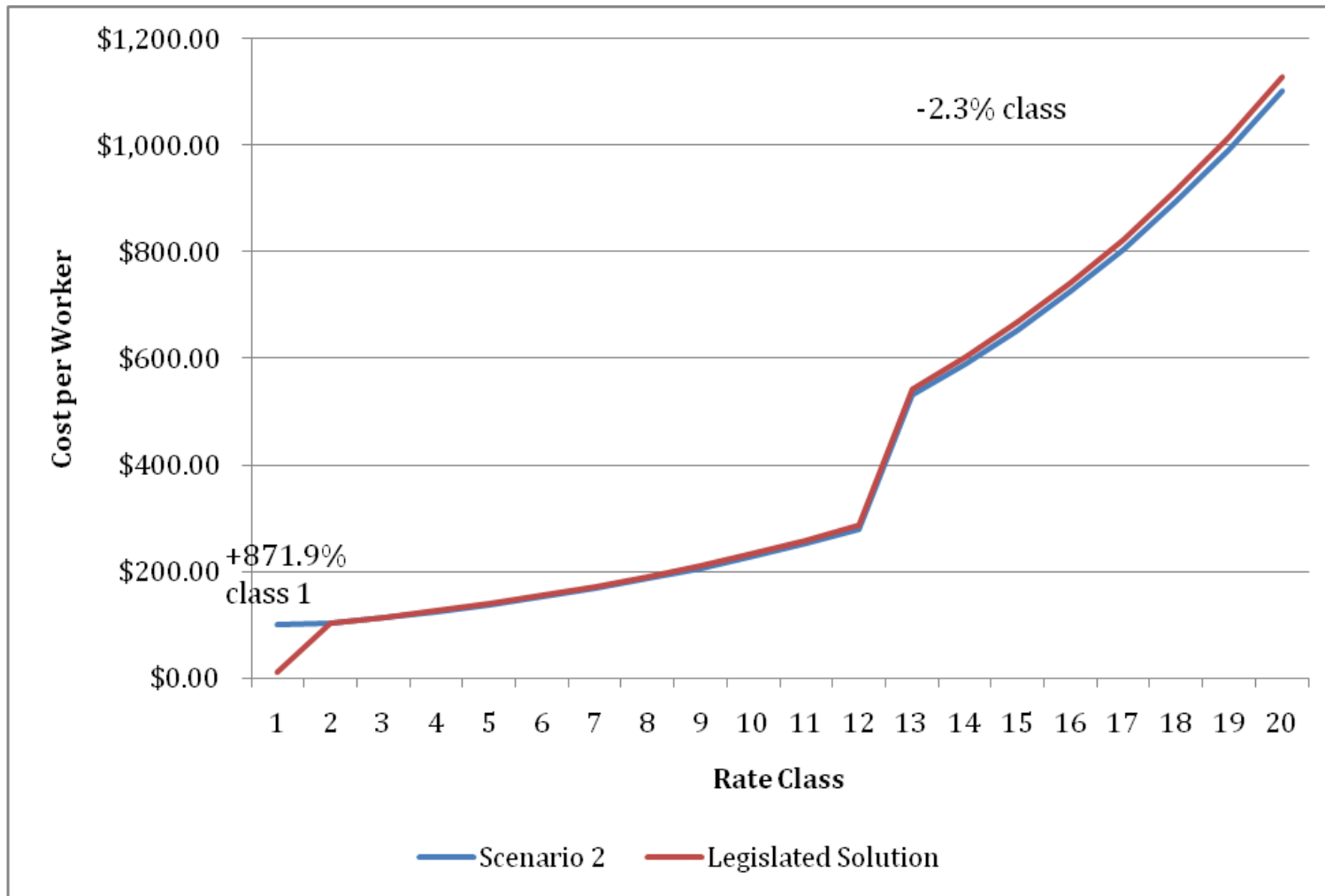
Contribution to Deficit (2003-2010)



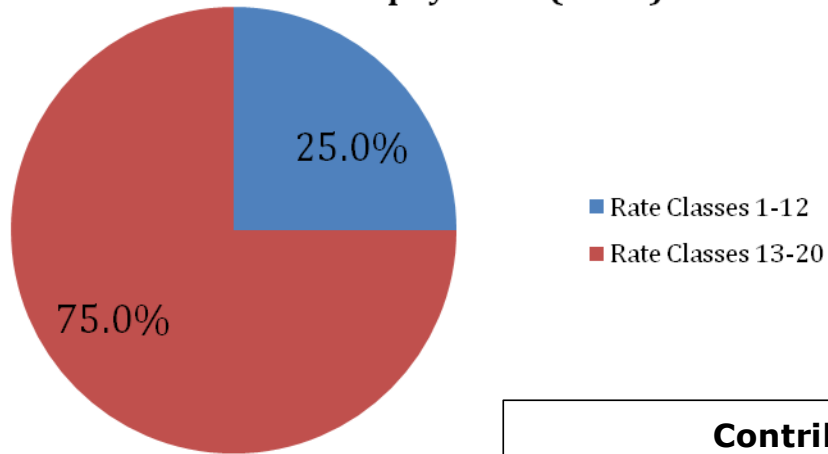
Scenario 2: Raise class 1 to 99% of class 2 (~\$100).

Rate Class	Tax Rate	Taxes	Interest Surcharge	Interest Paid	Total Eff Rate	Cost per Worker \$10,000	Legislated Solution	Change in Cost
1	0.899023%	\$15,499,986.29	0.0431%	\$743,247.23	1.0021%	\$100.21	\$10.30	\$89.91
2	0.908104%	\$7,416,261.38	0.0479%	\$391,182.75	1.0160%	\$101.60	\$103.80	(\$2.20)
3	1.009005%	\$8,240,290.43	0.0532%	\$434,647.50	1.1222%	\$112.22	\$114.30	(\$2.08)
4	1.121117%	\$9,155,878.25	0.0591%	\$482,941.67	1.2403%	\$124.03	\$126.90	(\$2.87)
5	1.245685%	\$10,173,198.06	0.0657%	\$536,601.85	1.3714%	\$137.14	\$140.60	(\$3.46)
6	1.384095%	\$11,303,553.40	0.0730%	\$596,224.28	1.5171%	\$151.71	\$155.30	(\$3.59)
7	1.537883%	\$12,559,503.77	0.0811%	\$662,471.43	1.6790%	\$167.90	\$172.10	(\$4.20)
8	1.708759%	\$13,955,004.19	0.0901%	\$736,079.36	1.8589%	\$185.89	\$190.00	(\$4.11)
9	1.898621%	\$15,505,560.21	0.1001%	\$817,865.96	2.0588%	\$205.88	\$211.00	(\$5.12)
10	2.109579%	\$17,228,400.24	0.1113%	\$908,739.95	2.2809%	\$228.09	\$233.10	(\$5.01)
11	2.343976%	\$19,142,666.93	0.1236%	\$1,009,711.06	2.5276%	\$252.76	\$258.30	(\$5.54)
12	2.604418%	\$21,269,629.92	0.1374%	\$1,121,901.18	2.8018%	\$280.18	\$286.70	(\$6.52)
13	4.982741%	\$40,692,792.23	0.2628%	\$2,146,407.42	5.3056%	\$530.56	\$543.30	(\$12.74)
14	5.536379%	\$45,214,213.59	0.2920%	\$2,384,897.13	5.8884%	\$588.84	\$602.20	(\$13.36)
15	6.151532%	\$50,238,015.10	0.3245%	\$2,649,885.70	6.5360%	\$653.60	\$668.40	(\$14.80)
16	6.835035%	\$55,820,016.77	0.3605%	\$2,944,317.44	7.2556%	\$725.56	\$742.00	(\$16.44)
17	7.594484%	\$62,022,240.86	0.4006%	\$3,271,463.83	8.0551%	\$805.51	\$824.00	(\$18.49)
18	8.438315%	\$68,913,600.95	0.4451%	\$3,634,959.81	8.9434%	\$894.34	\$915.50	(\$21.16)
19	9.375906%	\$76,570,667.73	0.4945%	\$4,038,844.23	9.9305%	\$993.05	\$1,016.40	(\$23.35)
20	10.417673%	\$85,078,519.70	0.5495%	\$4,487,604.70	11.0272%	\$1,102.72	\$1,127.90	(\$25.18)

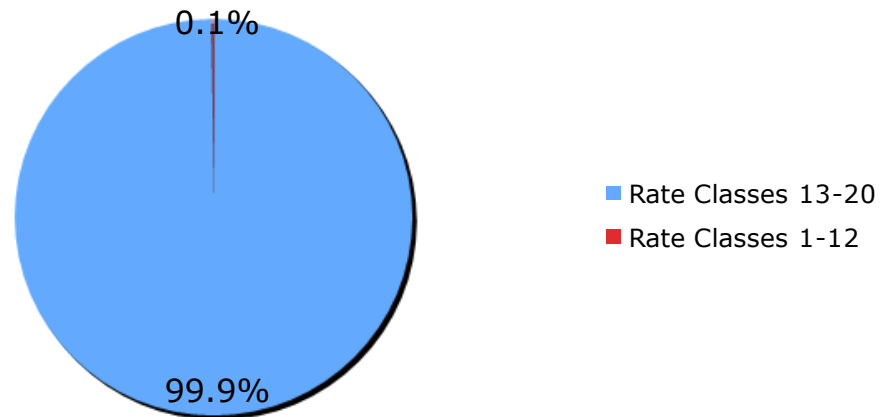
- Lowers cost for tax class 20 by \$25.61 per worker while raising cost to tax class 1 by 871.9%. Shifts additional \$15.5 million in cost to rate class 1. Lowers cost to all other classes by approximately 2.3%.



Contribution to Repayment (2011)



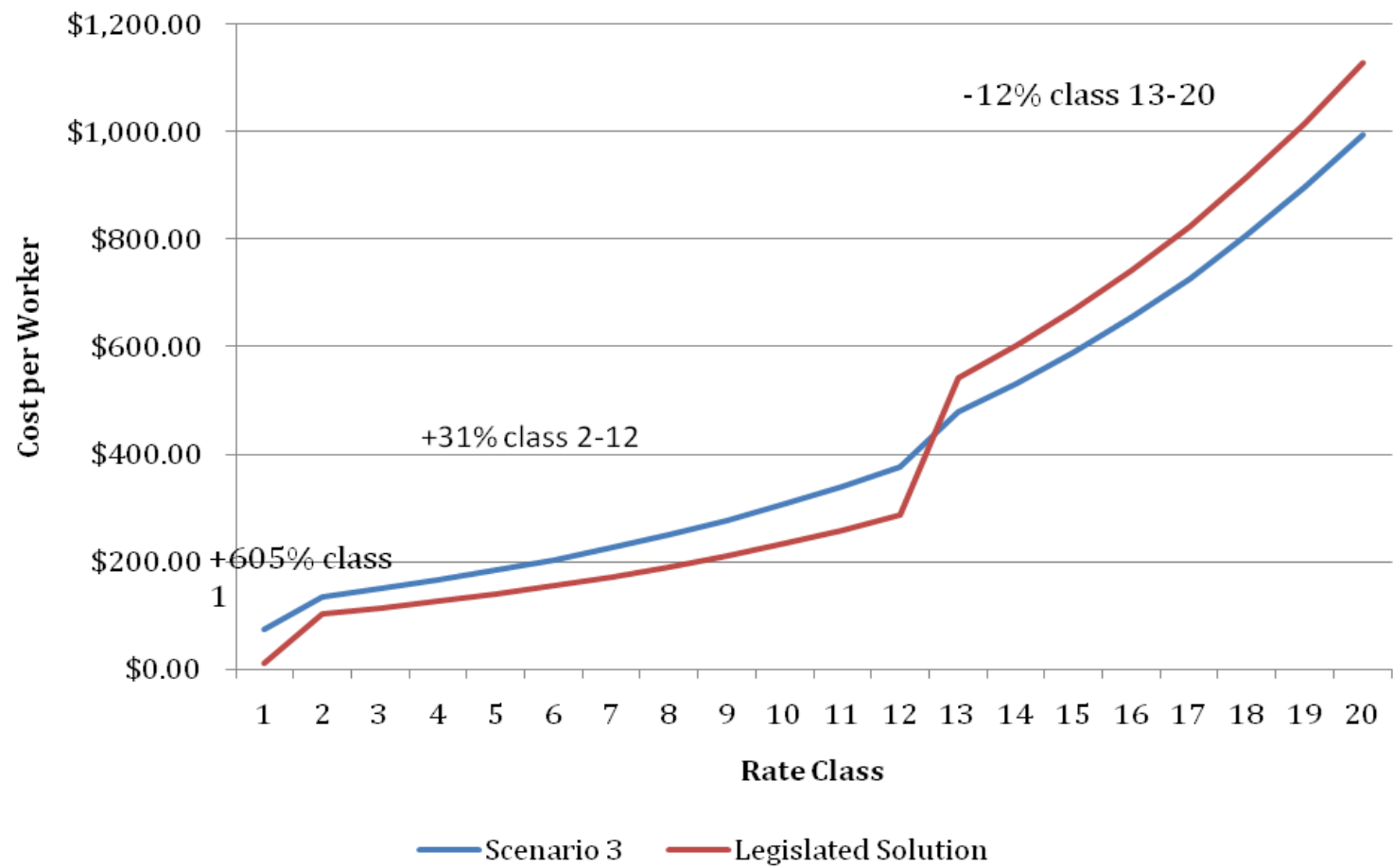
Contribution to Deficit (2003-2010)



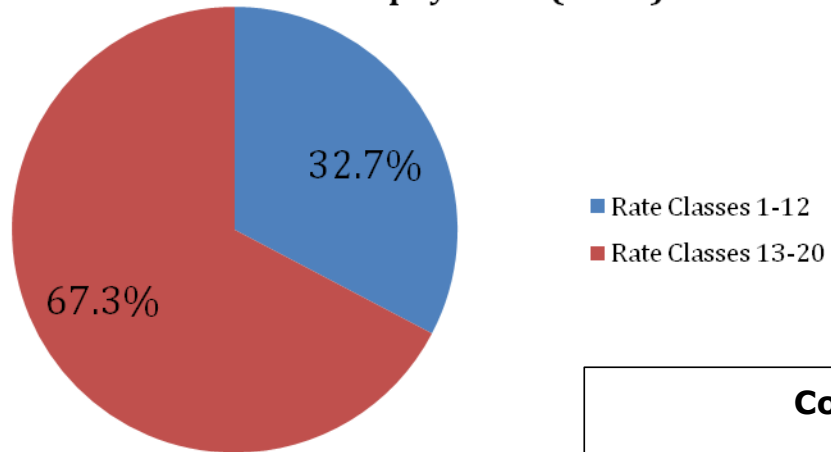
Scenario 3: Raise class 1 to 50% of class 2 and make class 12 70% of class 13, class 11 90% of class 12, etc.

	Tax Rate	Taxes	Interest Surcharge	Interest Paid	Total Eff Rate	Cost per Worker \$10,000	Legislated Solution	Cost Change
1	0.623598%	\$10,751,393.56	0.0431%	\$743,247.23	0.7267%	\$72.67	\$10.30	\$62.37
2	1.247195%	\$10,185,530.74	0.0479%	\$391,182.75	1.3551%	\$135.51	\$103.80	\$31.71
3	1.385773%	\$11,317,256.38	0.0532%	\$434,647.50	1.4990%	\$149.90	\$114.30	\$35.60
4	1.539747%	\$12,574,729.31	0.0591%	\$482,941.67	1.6589%	\$165.89	\$126.90	\$38.99
5	1.710830%	\$13,971,921.46	0.0657%	\$536,601.85	1.8365%	\$183.65	\$140.60	\$43.05
6	1.900923%	\$15,524,357.18	0.0730%	\$596,224.28	2.0339%	\$203.39	\$155.30	\$48.09
7	2.112136%	\$17,249,285.75	0.0811%	\$662,471.43	2.2533%	\$225.33	\$172.10	\$53.23
8	2.346818%	\$19,165,873.06	0.0901%	\$736,079.36	2.4969%	\$249.69	\$190.00	\$59.69
9	2.607576%	\$21,295,414.51	0.1001%	\$817,865.96	2.7677%	\$276.77	\$211.00	\$65.77
10	2.897306%	\$23,661,571.67	0.1113%	\$908,739.95	3.0686%	\$306.86	\$233.10	\$73.76
11	3.219229%	\$26,290,635.19	0.1236%	\$1,009,711.06	3.4029%	\$340.29	\$258.30	\$81.99
12	3.576921%	\$29,211,816.88	0.1374%	\$1,121,901.18	3.7743%	\$377.43	\$286.70	\$90.73
13	4.471151%	\$36,514,771.10	0.2628%	\$2,146,407.42	4.7940%	\$479.40	\$543.30	(\$63.90)
14	4.967946%	\$40,571,967.89	0.2920%	\$2,384,897.13	5.3200%	\$532.00	\$602.20	(\$70.20)
15	5.519940%	\$45,079,964.32	0.3245%	\$2,649,885.70	5.9044%	\$590.44	\$668.40	(\$77.96)
16	6.133267%	\$50,088,849.25	0.3605%	\$2,944,317.44	6.5538%	\$655.38	\$742.00	(\$86.62)
17	6.814741%	\$55,654,276.94	0.4006%	\$3,271,463.83	7.2753%	\$727.53	\$824.00	(\$96.47)
18	7.571934%	\$61,838,085.49	0.4451%	\$3,634,959.81	8.0770%	\$807.70	\$915.50	(\$107.80)
19	8.413260%	\$68,708,983.88	0.4945%	\$4,038,844.23	8.9678%	\$896.78	\$1,016.40	(\$119.62)
20	9.348067%	\$76,343,315.42	0.5495%	\$4,487,604.70	9.9576%	\$995.76	\$1,127.90	(\$132.14)

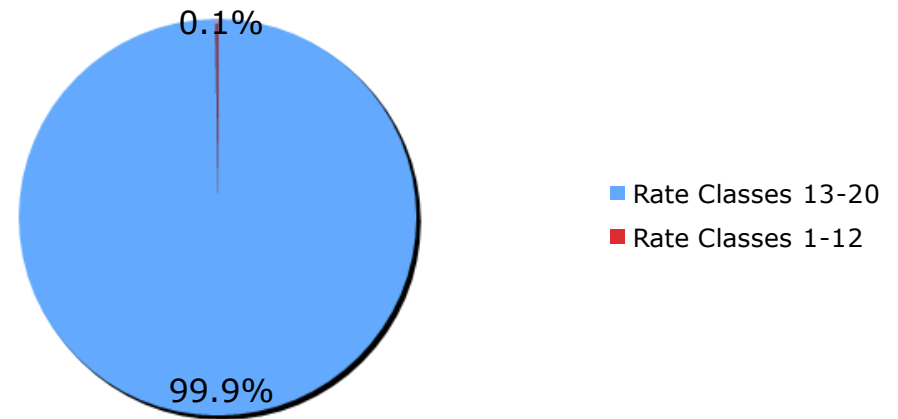
- Lowers cost for rate 20 by \$132 per worker while raising cost to class 1 by \$62 per worker. Shifts additional \$61.7 million in cost to rate classes 1-12, which have already subsidized the system. Lowers cost to all other classes by approximately 11.7% while increasing cost to classes 2-12 by 31%. And cost to rate class 1 by 604.8%.



Contribution to Repayment (2011)



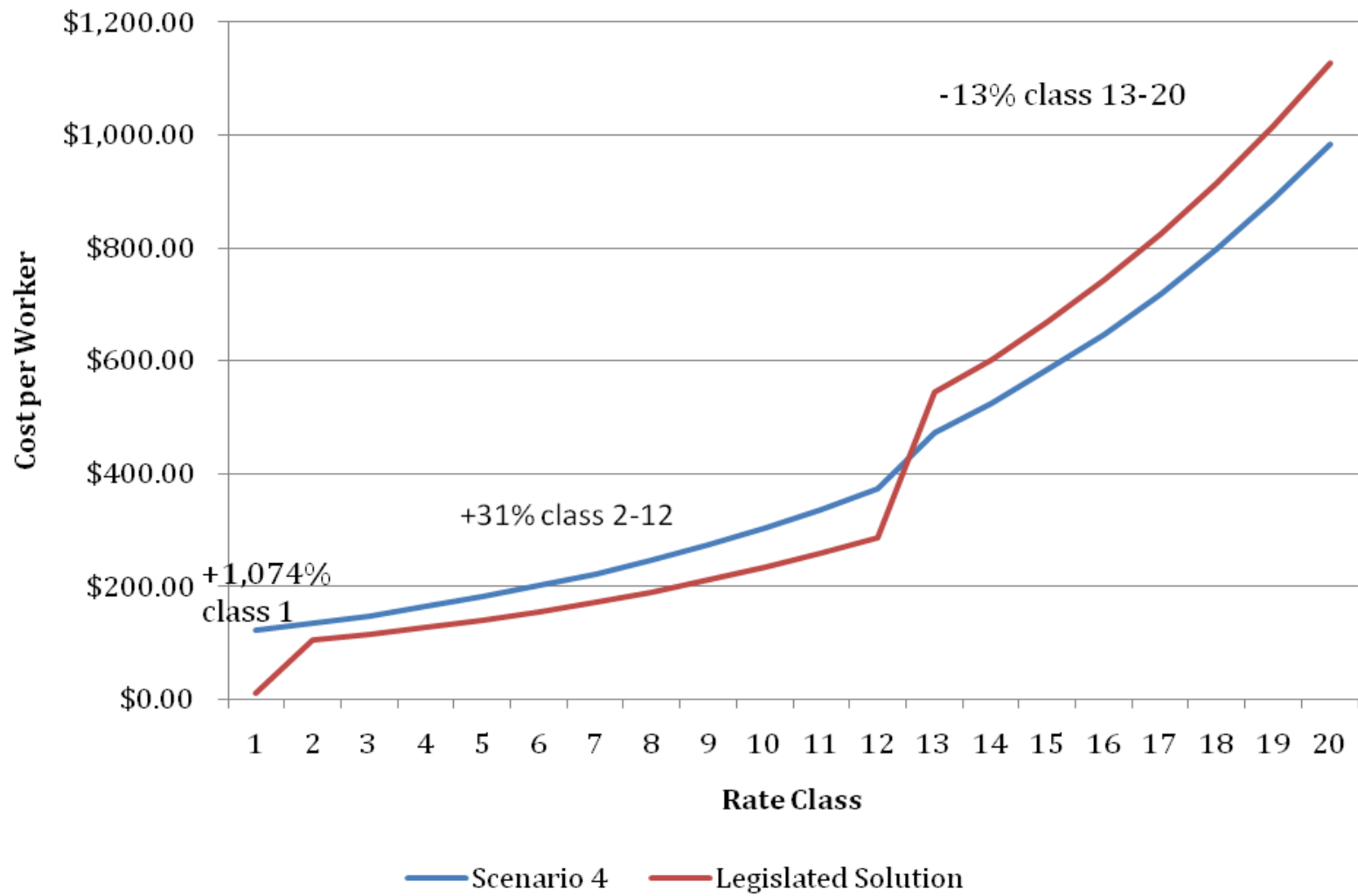
Contribution to Deficit (2003-2010)



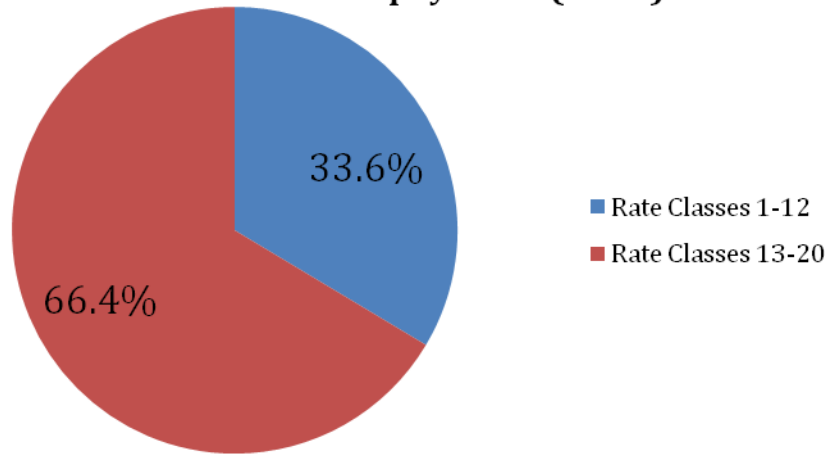
Scenario 4: Raise class 1 to 90% of class 2; raise class 12 to 80% of class 13.

	Tax Rate	Taxes	Interest Surcharge	Interest Paid	Total Eff Rate	Cost per Worker \$10,000	Legislated Solution	Change in Cost
1	1.107727%	\$19,098,226.61	0.0431%	\$743,247.23	1.2108%	\$121.08	\$10.30	\$110.78
2	1.230808%	\$10,051,698.22	0.0479%	\$391,182.75	1.3387%	\$133.87	\$103.80	\$30.07
3	1.367564%	\$11,168,553.58	0.0532%	\$434,647.50	1.4808%	\$148.08	\$114.30	\$33.78
4	1.519516%	\$12,409,503.97	0.0591%	\$482,941.67	1.6387%	\$163.87	\$126.90	\$36.97
5	1.688351%	\$13,788,337.75	0.0657%	\$536,601.85	1.8141%	\$181.41	\$140.60	\$40.81
6	1.875945%	\$15,320,375.28	0.0730%	\$596,224.28	2.0090%	\$200.90	\$155.30	\$45.60
7	2.084384%	\$17,022,639.20	0.0811%	\$662,471.43	2.2255%	\$222.55	\$172.10	\$50.45
8	2.315982%	\$18,914,043.55	0.0901%	\$736,079.36	2.4661%	\$246.61	\$190.00	\$56.61
9	2.573313%	\$21,015,603.94	0.1001%	\$817,865.96	2.7335%	\$273.35	\$211.00	\$62.35
10	2.859237%	\$23,350,671.05	0.1113%	\$908,739.95	3.0305%	\$303.05	\$233.10	\$69.95
11	3.176930%	\$25,945,190.06	0.1236%	\$1,009,711.06	3.3606%	\$336.06	\$258.30	\$77.76
12	3.529922%	\$28,827,988.95	0.1374%	\$1,121,901.18	3.7273%	\$372.73	\$286.70	\$86.03
13	4.412403%	\$36,034,986.19	0.2628%	\$2,146,407.42	4.7352%	\$473.52	\$543.30	(\$69.78)
14	4.902670%	\$40,038,873.54	0.2920%	\$2,384,897.13	5.2547%	\$525.47	\$602.20	(\$76.73)
15	5.447411%	\$44,487,637.27	0.3245%	\$2,649,885.70	5.8319%	\$583.19	\$668.40	(\$85.21)
16	6.052679%	\$49,430,708.08	0.3605%	\$2,944,317.44	6.4732%	\$647.32	\$742.00	(\$94.68)
17	6.725199%	\$54,923,008.97	0.4006%	\$3,271,463.83	7.1858%	\$718.58	\$824.00	(\$105.42)
18	7.472443%	\$61,025,565.53	0.4451%	\$3,634,959.81	7.9775%	\$797.75	\$915.50	(\$117.75)
19	8.302714%	\$67,806,183.92	0.4945%	\$4,038,844.23	8.8573%	\$885.73	\$1,016.40	(\$130.67)
20	9.225238%	\$75,340,204.35	0.5495%	\$4,487,604.70	9.8347%	\$983.47	\$1,127.90	(\$144.43)

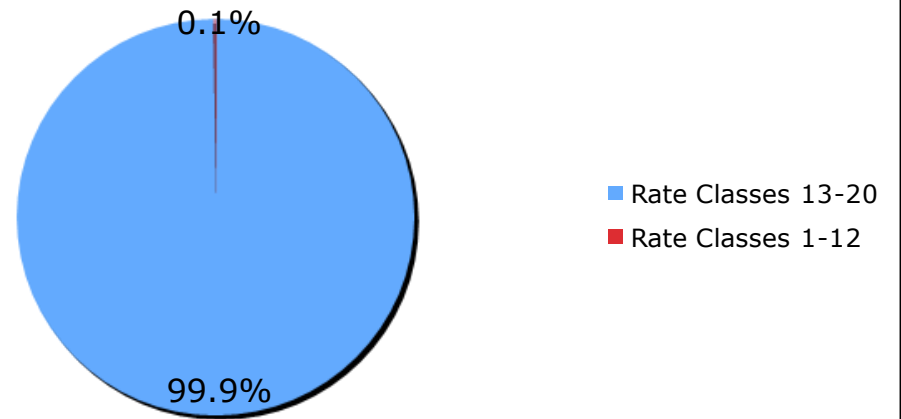
- Lowers cost for rate 20 by \$144.85 per worker while raising cost to class 1 by \$110.77 per worker. Shifts additional \$67.7 million in cost to rate classes 1-12, which have already subsidized the system. Lowers cost to all other classes by approximately 12.8% while increasing cost to classes 2-12 by 31%. And cost to rate class 1 by 1,074.3%.



Contribution to Repayment (2011)



Contribution to Deficit (2003-2010)



Scenario 5: Cut costs to rate classes 13-20 by 50%. Shift remaining costs to bond or other funds.

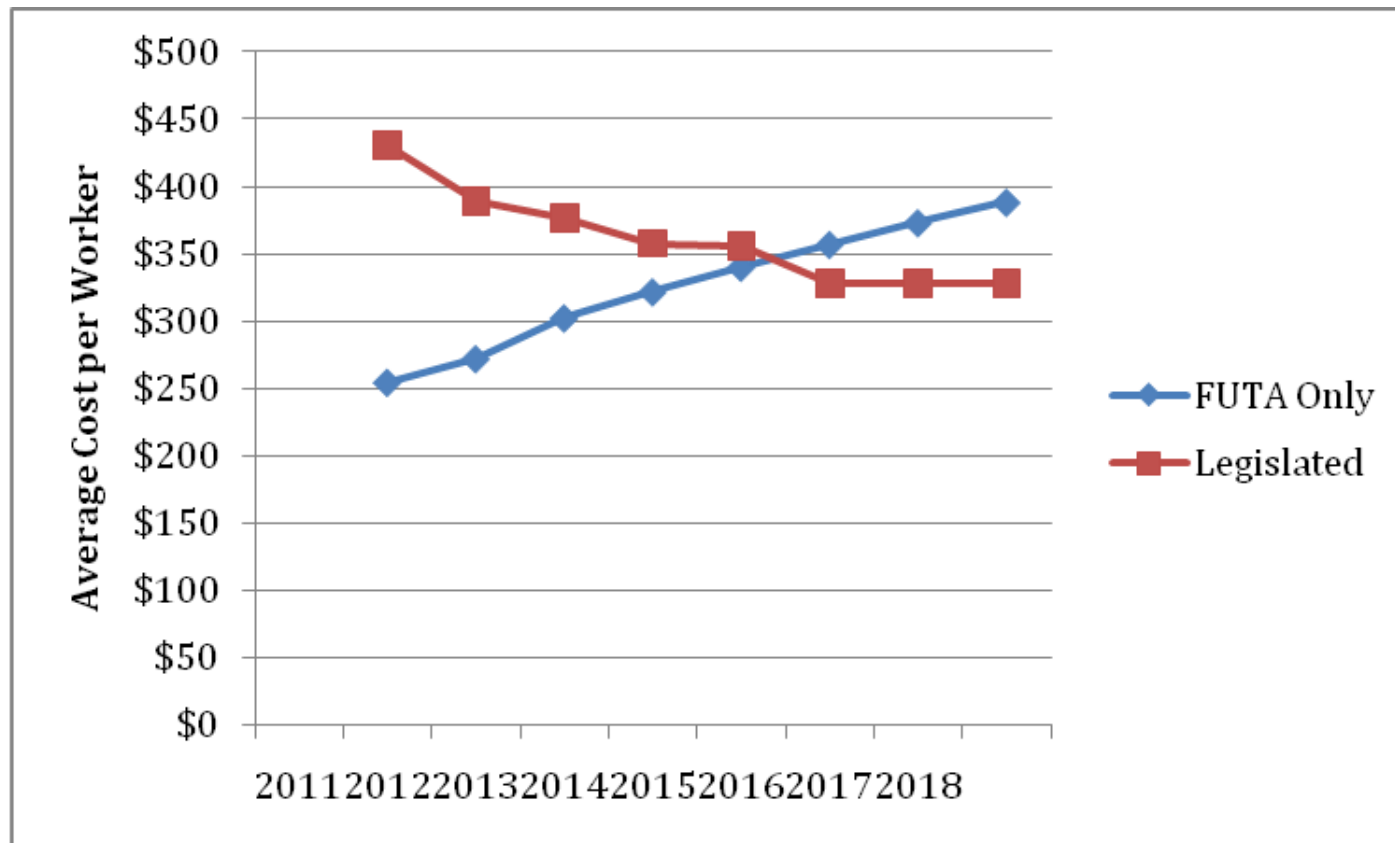
- Would result in rate class 13 paying slightly less than rate class 12 and the need to raise another \$261.0 million from outside source.

Scenario 6: Cut costs to rate classes 13-20 by 60%. Shift remaining costs to bond or other funds.

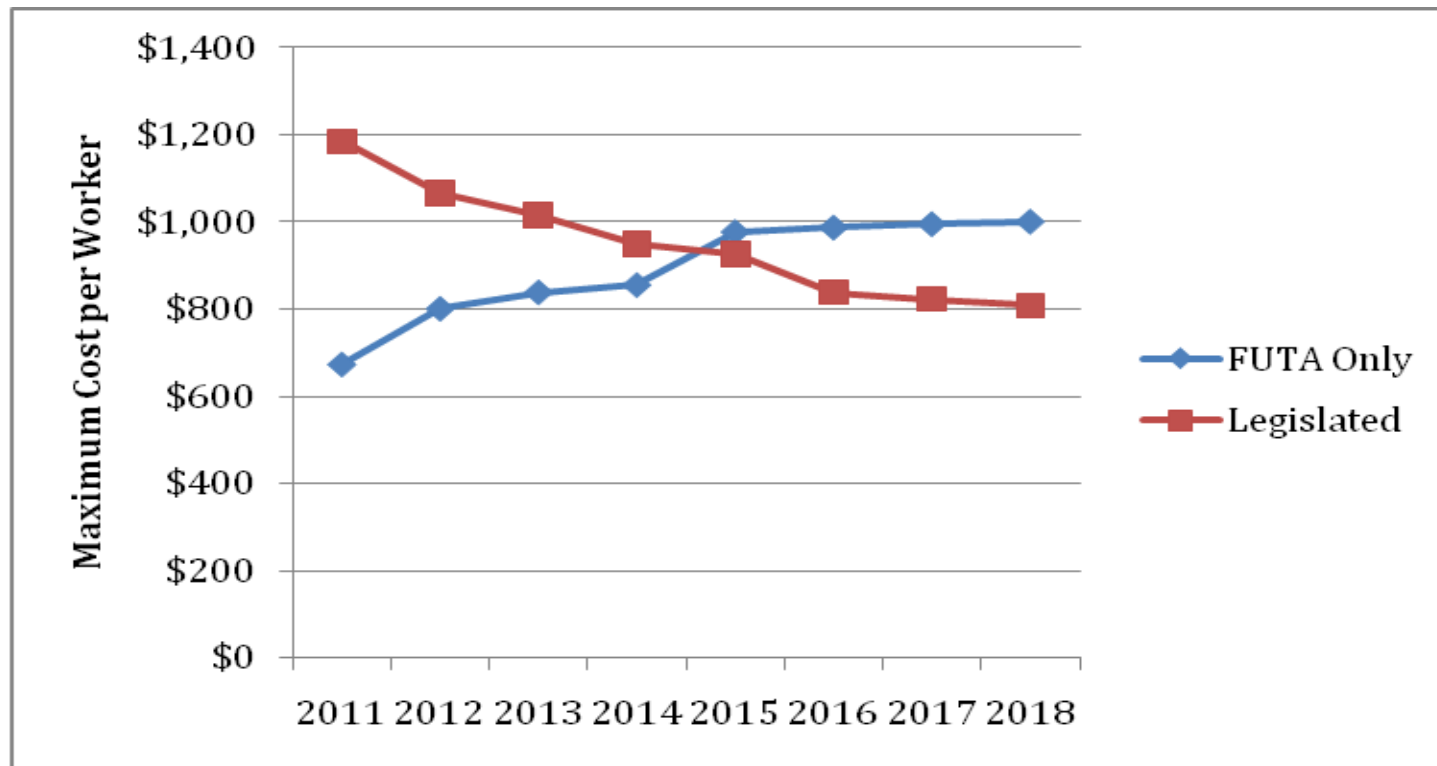
- Would result in need for another \$313.2 million to be collected from outside sources.

Scenario 7: Stretch payback out which results in increases in Federal Unemployment Taxes (FUTA) and interest costs.

- Keeping contribution levels about the same as 2010 and allowing FUTA to repay federal debt will result in repayment by year 2018.
- Average tax rate would increase in each year as loans increase which results in interest increases.



- Maximum cost per worker also increases under the FUTA scenario as credit is reduced.



- Minimum cost per worker under FUTA only increases from \$81.40 in 2011 to \$225.64 by 2018.
- Trust fund reaches \$0 under FUTA only by 2018; Trust fund reaches \$600 million under legislated solution by 2018.

Projected Cost under using only FUTA credit reductions to repay loan.

Legislated Solution (2011)		2011	2012	2013	2014	2015	2016	2017	2018
	Rate Class	Cost per Worker							
\$66.30	1	\$81.40	\$102.32	\$124.62	\$145.30	\$165.72	\$185.88	\$205.85	\$225.64
\$159.80	2	\$129.46	\$147.26	\$166.28	\$186.91	\$209.85	\$229.91	\$249.77	\$269.43
\$170.30	3	\$135.29	\$152.73	\$171.53	\$192.12	\$215.28	\$235.24	\$254.97	\$274.47
\$182.90	4	\$141.77	\$158.81	\$177.37	\$197.92	\$221.31	\$241.15	\$260.74	\$280.08
\$196.60	5	\$148.96	\$165.57	\$183.85	\$204.35	\$228.01	\$247.72	\$267.16	\$286.31
\$211.30	6	\$156.96	\$173.07	\$191.06	\$211.50	\$235.46	\$255.03	\$274.28	\$293.24
\$228.10	7	\$165.84	\$181.42	\$199.07	\$219.45	\$243.73	\$263.14	\$282.20	\$300.93
\$246.00	8	\$175.72	\$190.68	\$207.96	\$228.27	\$252.93	\$272.16	\$291.00	\$309.48
\$267.00	9	\$186.68	\$200.98	\$217.85	\$238.08	\$263.14	\$282.17	\$300.78	\$318.97
\$289.10	10	\$198.87	\$212.43	\$228.83	\$248.98	\$274.49	\$293.31	\$311.65	\$329.53
\$314.30	11	\$212.41	\$225.14	\$252.80	\$272.86	\$287.10	\$305.67	\$323.72	\$341.25
\$342.70	12	\$227.46	\$239.27	\$267.67	\$287.62	\$301.11	\$319.41	\$337.13	\$354.28
\$599.30	13	\$267.56	\$277.33	\$310.18	\$329.18	\$339.86	\$355.71	\$370.43	\$384.06
\$658.20	14	\$294.88	\$303.01	\$345.50	\$364.27	\$365.38	\$380.65	\$394.68	\$407.48
\$724.40	15	\$319.09	\$325.79	\$370.66	\$389.19	\$388.09	\$402.73	\$415.98	\$427.87
\$798.00	16	\$345.99	\$351.10	\$398.63	\$416.88	\$413.32	\$427.25	\$439.64	\$450.52
\$880.00	17	\$375.88	\$379.22	\$429.70	\$447.64	\$441.36	\$454.50	\$465.93	\$475.69
\$971.50	18	\$409.09	\$410.47	\$464.22	\$481.82	\$472.51	\$484.78	\$495.15	\$503.66
\$1,072.40	19	\$445.99	\$445.18	\$502.58	\$519.80	\$507.12	\$518.42	\$527.61	\$534.73
\$1,183.90	20	\$673.13	\$801.03	\$838.70	\$855.51	\$977.20	\$987.43	\$995.30	\$1,000.88

(NOTE-all costs includes the applicable FUTA cost and the variable SUTA cost)

Criteria for Avoiding FUTA Credit Reduction

1. By November 10, repay all loans since prior November 10 plus amount equal to estimated credit reduction amount. (\$72.4 million—0.6% of taxable wages) (\$134 million covered by cash flow loan based on current tax table; repaid in May 2011)
2. Avoid borrowing until after next January 31. (\$129.3 million required in Trust Fund)
3. Take action after date of first loan to increase solvency by an amount greater than or equal to estimated credit reduction amount.

NEED \$202 million to avoid FUTA credit reduction in CY2011 (November 10, 2011)

For 2011 collecting additional \$146 million for loan repayment. (Additional \$56 million comes from contributions received in November and December 2011)

We are collecting minimum amount necessary to avoid FUTA credit reduction in CY2011 and CY2012.